

Message Text

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TO SECSTATE WASHDC 4329

C O N F I D E N T I A L MEXICO 5005

NOFORN

E.O. 11652: N/A

TAGS/ ENRG ELAB MX

SUBJECT: PEMEX LABOR PROBLEMS

1. SUMMARY. PETOFF RECENTLY DISCUSSED PEMEX'S RECENT LABOR PROBLEMS WITH KNOWLEDGEABLE INDUSTRY SOURCE. ALTHOUGH COMPLAINTS OF DISSIDENT UNION GROUP WERE REPORTEDLY SOLVED IN MARCH, AFTER PERSONAL INTERVENTION OF GOM PRESIDENT, PEMEX MANAGEMENT IS CONTINUING TO RESIST THEIR IMPLEMENTATION. MANAGEMENT HOPES THAT NEXT ADMINISTRATION WILL TAKE A MORE RATIONAL VIEW OF EFFORTS OF A NOTABLE CORRUPT UNION TO FURTHER STRENGTHEN ITS GRIP ON MEXICO'S MOST IMPORTANT INDUSTRY.

2. PEMEX'S CURRENT DIFFICULTIES DATE BACK TO 1971 WHEN, UNDER CONSIDERABLE PRESSURE, IT AGREED TO THE UNIONIZATION OF CERTAIN TECHNICAL AND ENGINEERING PERSONNEL. THOSE PROVISIONS OF THE CONTRACT GOVERNING WAGES, FRINGE BENEFITS, AND WORKING CONDITIONS WERE QUICKLY IMPLEMENTED; THOSE THAT, IN EFFECT, GAVE THE UNION VETO POWER OVER TRANSFERS, TENURE, AND PROMOTION WERE NOT. LATEST ROUND OF WILDCAT STRIKES AND PROTESTS WERE TIMED TO COINCIDE BOTH WITH PEMEX'S ANNUAL
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NATIONALIZATION DAY CEREMONIES AND WITH THE END OF A PRESI-

DENTIAL TERM SYMPATHETIC TO LEFTIST UNIONS.

3. PEMEX'S MANAGEMENT, PARTICULARLY DIRECTOR GENERAL ANTONIO DOVALI, HAS STRENUOUSLY RESISTED IMPLEMENTING THOSE CONTRACT TERMS HE FEELS WOULD SERIOUSLY IMPAIR PEMEX'S EFFORTS TO OPERATE IN AN ECONOMICALLY SOUND MANNER. HE HAS REFUSED TO HAND THE STPRM VETO OVER THE KEY AREA OF PERSONNEL MANAGEMENT. IN AN EFFORT TO LIMIT UNION ENCROACHMENT INTO EXPLORATION, PEMEX QUIETLY FORMED SEVERAL SUBSIDIARIES - 60 PERCENT PEMEX AND 40 PERCENT WITH U.S. COMPANIES THAT SPECIALIZE IN SEISMIC STUDIES AND SIMILAR WORK. THESE COMPANIES DO THE BULK OF PEMEX'S EXPLORATION, GIVE IT QUICKER ACCESS TO THE LATEST TECHNOLOGY, AND ARE NON-UNION AND INTEND TO REMAIN THAT WAY.

4. ACCORDING TO SOURCE, DOVALI AND HIS CLOSEST AIDES WERE ON THE VERGE OF RESIGNING MARCH 18 WHEN PRESIDENT LUIS ECHEVERRIA INSISTED THAT THEY SIGN A DOCUMENT AGREEING TO THE IMPLEMENTATION OF ALL THE TERMS OF THE 1971 CONTRACT. INSTEAD, DOVALI SIGNED AND MADE A NOTATION NEAR HIS SIGNATURE TO THE EFFECT THAT HE HAD DONE SO ON INSTRUCTION FROM "THE HIGHEST OFFICIAL OF THE REPUBLIC". DOVALI WILL PROBABLY REMAIN IN OFFICE FOR THE REMAINDER OF THIS ADMINISTRATION, DRAGGING HIS HEELS TO THE EXTENT POSSIBLE, IN THE HOPES THAT THE NEXT PRESIDENT WILL LOOK AT PEMEX WITH A MORE SOPHISTICATED ECONOMIC VIEW.

5. COMMENT: WHILE MUCH OF THE FOREGOING IS BASED ON SECOND-HAND INFORMATION, IT IS CERTAINLY CONSISTENT WITH NEWSPAPER REPORTS AND COMMENTS MADE TO PETOFF BY PEMEX OFFICIALS IN MID-MARCH. SOURCE IS IN A POSITION TO HEAR MOST OF THE DETAILS OF PEMEX'S INTERNAL PROBLEMS AND HAS NOTHING TO GAIN BY MISREPRESENTING THEM. EMBASSY CONSIDERS HIM TO BE CREDIBLE AND ACCURATE.
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